

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

Second Regular Session

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

July 2006

Members:

Sen. Nancy B. Sullivan, Chair

Sen. Arthur F. Mayo III

Sen. Peter Mills

Rep. Anne C. Perry, Chair

Rep. Lisa T. Marrache

Rep. John R. Brautigam

Rep. Charles William Harlow

Rep. Donald E. Pilon

Rep. Kevin J. Glynn

Rep. Michael A. Vaughan

Rep. R. Kenneth Lindell

Rep. Jonathan B. McKane

Rep. Wesley E. Richardson

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Maine State Legislature



Office of Policy and Legal Analysis Office of Fiscal and Program Review

122nd Maine Legislature Second Regular Session

Summary of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is arranged alphabetically by committee name and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla/billsumm.htm).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

CON RES XXX.....	Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE.....	Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES.....	House & Senate disagree; bill died
DIED IN CONCURRENCE.....	One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT.....	Action incomplete when session ended; bill died
EMERGENCY.....	Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE.....	Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE.....	Bill failed to get majority vote
FAILED MANDATE ENACTMENT.....	Bill imposing local mandate failed to get 2/3 vote
NOT PROPERLY BEFORE THE BODY.....	Ruled out of order by the presiding officers; bill died
INDEF PP.....	Bill Indefinitely Postponed
ONTP.....	Ought Not To Pass report accepted
OTP-ND.....	Committee report Ought To Pass In New Draft
P&S XXX.....	Chapter # of enacted Private & Special Law
PASSED.....	Joint Order passed in both bodies
PUBLIC XXX.....	Chapter # of enacted Public Law
RESOLVE XXX.....	Chapter # of finally passed Resolve
UNSIGNED (Pocket Veto).....	Bill held by Governor
VETO SUSTAINED.....	Legislature failed to override Governor's Veto

Please note that the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is August 23, 2006.

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other organization necessary to administer the plan. The amendment requires an actuary under contract to the board to determine the appropriate level of reserves and administrative costs for the plan and the amount of stop loss insurance necessary, provide opinions regarding the actuarial soundness of the plan, develop a rate structure for the plan and report annually to the board.

The amendment would require the Dirigo Health Self-administered Plan to maintain reserves at least equal to the sum of the amount necessary to pay claims and administrative costs for the assumed risk for 2 1/2 months and the amount determined annually by a qualified actuary to be necessary to fund the unpaid portion of ultimate expected losses and related expenses incurred in the provision of benefits. The amendment requires the reserve account to be adjusted on a quarterly basis and to be capitalized from any initial start-up funds transferred into the account by Dirigo Health, monthly enrollee payments, any funds received from any public or private source, legislative appropriations, payments from any state departments or agencies and any other means approved by the Legislature. The amendment also authorizes the board to purchase excess or stop loss insurance at attachment limits and levels recommended by a qualified actuary and removes the authority to establish a self-administered plan in the event the board is unable to purchase that insurance.

The amendment would require the Dirigo Health Self-administered Plan to meet the same requirements of the Maine Insurance Code that would be required by state law if health benefits coverage were provided by a health insurance carrier for community rating, guaranteed issuance, guaranteed renewal, continuity of coverage and mandated benefits. The amendment also requires that the self-administered plan extend the same benefits, rights and protections of the Maine Revised Statutes, Title 24-A, chapter 56-A and Bureau of Insurance Rule Chapter 850, including a limited right to sue the Dirigo Health Self-administered Plan. The amendment specifically waives the State's defense of immunity under the Maine Tort Claims Act.

Senate Amendment "A" to Committee Amendment "A" was not adopted.

LD 1945

An Act To Establish a High-risk Health Insurance Pool

**DIED BETWEEN
BODIES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TARDY MILLS P	ONTP MAJ OTP-AM MIN	

LD 1945 proposed to require the Department of Professional and Financial Regulation, Bureau of Insurance to apply for federal funds that Congress is offering states to create high-risk insurance pools. The bill proposed to repeal the requirement of guaranteed issue for individual health insurance and enact the Comprehensive Health Insurance Risk Pool Association Act. The bill also proposed to require a study of a reinsurance pool for the small group market.

Committee Amendment "A" (H-950) is the minority report of the committee and proposed to make the following changes to the bill.

The amendment broadens the community rating laws to allow carriers to vary premiums on the basis of age within a maximum rate differential on a ratio of 4 to one and on the basis of health status and tobacco use within a maximum rate differential on a ratio of 1.5 to one.

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The amendment changes the composition of the board of directors of the high-risk pool by removing the legislative members and adding 2 additional members who are member insurers.

The amendment repeals the community rating law for small group health plans effective January 1, 2009 and enacts in its place provisions governing the rating of small group health plans based on a model act from the National Association of Insurance Commissioners.

The amendment requires the Department of Professional and Financial Regulation, Bureau of Insurance to conduct a study of the State's rate and form filing laws and make recommendations for changes to reduce the costs and resources expended by health insurance carriers seeking regulatory approval of new health insurance products.

The amendment also added an appropriations and allocations section to the bill. Committee Amendment "A" was adopted in the House, but not in the Senate. In the Senate, LD 1945 was ruled not properly before the body.

LD 1990 An Act To Create the Insurance Fraud Division within the Bureau of Insurance DIED BETWEEN BODIES

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ	H-924
	ONTP MIN	

LD 1990 proposed to establish the Insurance Fraud Division within the Department of Professional and Financial Regulation, Bureau of Insurance to investigate acts of insurance fraud. The bill proposed to retain existing statutory provisions requiring insurers to include fraud warnings on insurance applications and claim forms, to file antifraud plans and to file annual reports with the Superintendent of Insurance. The bill proposed to require persons in the business of insurance with knowledge or suspicion of fraudulent insurance acts to report those to the Superintendent of Insurance.

Committee Amendment "A (H-924) is the majority report of the committee and replaced the bill. The amendment proposed to establish the Insurance Fraud Division within the Department of Professional and Financial Regulation, Bureau of Insurance. The amendment requires insurers with knowledge or suspicion of fraudulent insurance acts to report those activities to the Bureau of Insurance. The amendment provides for the confidentiality of records relating to insurance fraud investigations in a manner similar to the provision of confidentiality under current state law for investigative and intelligence information in the possession of other law enforcement entities. The amendment does permit the Insurance Fraud Division to share investigatory information with certain national and international agencies. The amendment also extends the immunity provision in current law to certain communications between insurers with respect to fraudulent insurance acts.

The amendment also added an appropriations and allocations section to the bill. Committee Amendment "A" was adopted in the Senate, but failed to be adopted in the House.